

PUBLIC NOTICE

The U.S. Department of Housing and Urban Development (HUD) has several funding programs, which provides approximately \$18 million dollars annually to the City and County of Honolulu.

Title I of the Housing and Community Development Act of 1974 (Public Law 93-383) created the Community Development Block Grant (CDBG) program which became effective January 1, 1974. Under the CDBG program, a community is able to develop a flexible, locally designed comprehensive community development strategy in order to address the program's primary objective: "...development of viable urban communities, by providing decent housing and suitable living environments and expanding economic opportunities principally for persons of low and moderate income." The funding allocation of the CDBG program is based upon a statutory formula, which assures each entitlement community an annual sum of money to carry out its community development program. An entitlement community is a metropolitan city or an urban county. The entitlement community has complete discretionary authority over how and where CDBG funds are to be spent.

In general, grant assistance may be used for the following activities provided that these activities either 1) principally benefit low and moderate income families, 2) aid in the prevention or elimination of slums and blight, or 3) meet other community development needs having a particular urgency.

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| * Acquisition of real property. | * Disposition of real property. |
| * Acquisition, construction, reconstruction, rehabilitation or installation of public facilities. | * Clearance, demolition and removal of buildings and improvements. |
| * Provision of public services provided it is a new service or a quantifiable increase in a service now being provided and does not exceed 15% of the City's entitlement. | * Interim assistance to immediately arrest deterioration and alleviate emergency conditions. |
| * Payment of the non-federal share in connection with other federal programs undertaken as part of the development program. | * Urban renewal completion. |
| * Assist privately owned utilities. | * Relocation payments. |
| * Rehabilitation of privately owned buildings and low-income public housing. | * Loss of rental income incurred in holding housing units for displacees. |
| * Planning activities. | * Removal of material and architectural barriers restricting mobility of elderly and handicapped persons. |
| * Economic development. | * Historic preservation. |
| * Code enforcement in deteriorated areas expected, together with public improvements and services, to arrest the area's decline. | * Assistance to subrecipients to carry out activities listed. |
| * Renovation of closed school buildings. | * Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development activities. |
| * Direct homeownership assistance. | |

There are a number of activities that cannot be funded with CDBG funds. These include, but are not limited to, the following:

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| * Buildings for the general conduct of government. | * General government expenses. |
| * Political activities. | * Purchase of equipment unless as part of an economic development activity or when necessary for use by a recipient or subrecipient in the administration of activities assisted with CDBG funds. |
| * Operating and maintenance expenses. | |
| * New housing construction unless carried out by a Community Based Development Organization (CBDO). | * Religious activities. |
| * Income payments for housing or any other funds. | |

The City may provide CDBG funds to any CBDO qualified to carry out a neighborhood revitalization, community economic development, energy conservation, or new housing construction project. To qualify as a CBDO, organizations must meet the following characteristics:

- 1) An association or corporation organized under State or local law to engage in community development activities primarily within an identified geographic area of operation; and
- 2) Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation, with particular attention to the needs of persons of low and moderate income; and
- 3) A not-for-profit organization or association chartered or otherwise authorized to do business in the State of Hawaii for charitable purposes; and
- 4) Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents, owners or senior officers of private establishments and other institutions, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and
- 5) Is not an agency or instrumentality of the City and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity; and
- 6) Except as otherwise authorized in paragraph 5) above, requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and
- 7) Is not subject to requirements under which its assets revert to the City upon dissolution; and
- 8) Is free to contract for goods and services from vendors of its own choosing.

The HOME program was created under Title II (the HOME Investment Partnerships Act) of the National Affordable Housing Act of 1990. The general purpose of the HOME program includes:

- 1) To expand the supply of decent and affordable housing, particularly rental housing, for low and very low income Americans.
- 2) To strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
- 3) To provide both financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing.
- 4) To extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

In general, HOME funds may be used to pay the following eligible costs:

- 1) Development hard costs defined as the actual cost of constructing or rehabilitating housing.
- 2) Acquisition costs.
- 3) Related soft costs defined as other reasonable and necessary costs incurred and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds.
- 4) Relocation costs.
- 5) Costs related to tenant-based rental assistance.

There are a number of activities that cannot be funded with HOME funds. These include but are not limited to, the following:

- 1) Provide a project reserve account for replacements, a project reserve account for unanticipated increases in operating costs, or operating subsidies.
- 2) Provide tenant-based rental assistance for the special purpose of the existing Section 8 program or preventing displacement for projects assisted with rental rehabilitation grants.
- 3) Provide non-federal matching contributions required under any other Federal program.
- 4) Provide assistance authorized under Part 965 (PHA-Owned or Leased Projects - Maintenance and Operation).
- 5) Carry out activities authorized under Part 968 (Public Housing Modernization).
- 6) Provide assistance to eligible low income housing under Part 248 (Prepayment of Low Income Housing Mortgages).

- 7) Provide assistance (other than tenant-based rental assistance or assistance to a first-time homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the City. However, additional HOME funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the maximum per unit subsidy amount.
- 8) Pay impact fees.

Fifteen percent (15%) of the City's annual HOME allocation from HUD must be set-aside for Community Housing Development Organization (CHDO) use. Organizations must meet the following criteria in order to be considered a CHDO and be eligible for CHDO assistance:

- 1) Be organized under State or local laws.
- 2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.
- 3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization.
- 4) Has a tax exemption ruling from the Internal Revenue Service under Section 501c of the Internal Revenue Code of 1986.
- 5) Does not include a public body (including the City and County of Honolulu) or an instrumentality of a public body.
- 6) Has standards of financial accountability that conform to 24 CFR 84.21 "Standards for Financial Management Systems."
- 7) Has among its purposes the provision of decent housing that is affordable to low and moderate-income persons, as evidenced by its charter, articles of incorporation, resolutions or by-laws.
- 8) Maintains accountability to low income community residents by:
 - * Maintaining at least one-third of its governing board's membership for residents of low income neighborhoods, other low income community residents, or elected representatives of low income neighborhood organizations, and
 - * Providing a formal process for low income, program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing.
- 9) Has a demonstrated capacity for carrying out activities assisted with HOME funds.
- 10) Has a history of serving the community within which housing to be assisted with HOME funds is to be located.

The Emergency Shelter Grants (ESG) program, authorized under the Stewart B. McKinney Homeless Assistance Act, provides funds to finance the rehabilitation or conversion of existing buildings for use as emergency shelters. It also authorizes, on a limited basis, the payment of certain operating and social service expenses connected with running emergency shelters, as well as short-term financial assistance to individuals and families to prevent homelessness.

In order to maximize the effectiveness of the money, the City's strategy for the use of program funds is to support existing programs benefiting the homeless population. The program objectives related to this strategy include the following:

- 1) Improve physical conditions at existing shelters.
- 2) Support the continued provision and/or expansion of supportive services to enable the homeless to achieve independent living.
- 3) Assist providers in meeting the costs of operating emergency shelters.
- 4) Promote the development and implementation of homeless prevention activities.

In general, ESG funds may be used for the following activities relating to emergency shelters for the homeless:

- 1) Renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless.
- 2) Provision of essential services to the homeless.
- 3) Payment of maintenance, operation, insurance, utilities, and furnishings.
- 4) Developing and implementing homeless prevention activities.

In order to be eligible for ESG program funds, applicants must, at a minimum,

- 1) Be a public or private nonprofit entity certified under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. If the private nonprofit entity is primarily a religious organization, the organization must agree to provide all homeless services in a manner that is free from religious influences.
- 2) Have an ongoing emergency shelter program.
- 3) Provide, as part of their shelter program, supportive services intended to assist their clients in achieving independent living.

The Housing Opportunities for Persons With AIDS (HOPWA) program was established in 1992 to provide housing assistance and related supportive services for low-income persons with HIV/AIDS and their families. Grants are provided by formula allocations to States and metropolitan areas with the largest number of cases and incidence of AIDS' and also by competitive selection of projects proposed by State and local governments and nonprofit organizations. The HOPWA program has helped thousands of individuals who face severe challenges to meet medical and housing costs during their illness with assistance that helps them to avoid homelessness by addressing housing needs and access to medical and other supportive care.

HOPWA funds can be used for a broad range of housing designed to prevent homelessness including emergency shelter, shared housing, apartments, single room occupancy units (SROs), group homes, and housing combined with supportive services. HOPWA funds can also be used for housing-related expenses, social services, and program development costs such as:

- 1) housing information and resource identification;
- 2) acquisition, rehabilitation, conversion, lease, and repair of housing;
- 3) new construction for SROs and community residences;
- 4) rent payments, mortgages, and utility payments;
- 5) operating costs;
- 6) technical assistance;
- 7) administrative expenses; and
- 8) supportive services (such as health care, mental health services, chemical dependency treatment, nutritional services, case management, and help with daily living).

The primary beneficiaries of HOPWA funds are low-income persons with AIDS and their families, especially those who are homeless or at great risk of becoming homeless. However, programs that provide housing information, community outreach and education activities can serve persons at any income level.

The City and County of Honolulu has been participating in the CDBG, HOME, ESG and HOPWA programs for the past 31, 14, 18, and 7 years respectively. The City is currently planning for its Twelfth (12th) Consolidated Program Year and anticipates approximately \$20 million dollars from HUD, program income, City match and previous years' carryover to undertake the CDBG, HOME, ESG, and HOPWA programs. Projects selected must be consistent with the goals established in the Final Consolidated Plan for Fiscal Years 2006 to 2010. This Plan, which is pending approval by HUD, is available in hard copy form at the Municipal Reference Library located at City Hall Annex, 558 South King Street, Honolulu or by downloading the document from the City website at <http://www.honolulu.gov/budget/cdbg.htm>. In order to receive the entitlements, the City must submit to HUD an Action Plan describing funding plans and certifying its program compliance with federal labor, environmental, civil rights and contracting laws. Consistent with the goals and objectives of the City's CDBG, HOME, ESG, and HOPWA programs, it is a City policy to minimize displacement of persons from residential and nonresidential properties due to projects undertaken with CDBG, HOME, ESG, and HOPWA funds. If a CDBG, HOME, ESG, or HOPWA funded project requires displacement of persons, the City will provide reasonable relocation assistance benefits to affected persons.

As part of the planning process for the Twelfth (12th) Consolidated Program Year, a public hearing will be held on September 28, 2005 to obtain the views and comments of citizens on the City's housing and community development needs to be considered in the development of the Action Plan. A Public Notice was published on September 15, 2005, in this newspaper with details of the public hearing. Non-English speaking residents will be provided the services of an interpreter and a signer will be made available for the hearing impaired if requested.

Since the thrust of the CDBG, HOME, ESG, and HOPWA programs is intended to principally benefit low income, very low income and homeless individuals, particular emphasis is placed on encouraging citizen participation by these low income, very low income and homeless individuals, by those who reside in areas in which CDBG, HOME, ESG, or HOPWA funded activities are being carried out or wish to have CDBG, HOME, ESG, or HOPWA activities in areas in which they reside. Low income, very low income and homeless individuals are therefore urged to participate in the City's CDBG, HOME, ESG, and HOPWA programs.

THE CITY WILL USE THE REQUEST FOR PROPOSAL (RFP) PROCESS TO SELECT CDBG AND HOME PROJECTS. BEGINNING TODAY, THE CITY IS SEEKING PROJECT PROPOSALS FOR THE CDBG AND HOME PROGRAMS FOR FISCAL YEAR 2007. THE RFP AND PROJECT PROPOSAL PACKETS CAN BE OBTAINED BY CONTACTING THE DIVISION OF PURCHASING OF THE CITY DEPARTMENT OF BUDGET AND FISCAL SERVICES AT THE FOLLOWING WEBSITE: WWW.HONOLULU.GOV/PUR, OR PICKED UP IN PERSON AT THE DIVISION OF PURCHASING, DEPARTMENT OF BUDGET AND FISCAL SERVICES, 530 SOUTH KING STREET, ROOM 115, HONOLULU, HAWAII.

AN INFORMATIONAL MEETING ON THE CDBG/HOME REQUEST FOR PROPOSALS WILL BE HELD AT 9:30 A.M., TUESDAY, OCTOBER 11, 2005, AT THE MISSION MEMORIAL AUDITORIUM, WHICH IS LOCATED IMMEDIATELY DIAMOND HEAD OF HONOLULU HALE, 530 SOUTH KING STREET, HONOLULU, HAWAII. THE INFORMATIONAL MEETING WILL BE THE ONLY OPPORTUNITY FOR PROSPECTIVE PROPOSERS TO REQUEST CLARIFICATIONS REGARDING THIS REQUEST FOR PROPOSALS AND THE CDBG AND HOME PROGRAMS.

IN ORDER TO BE CONSIDERED FOR FUNDING FOR FISCAL YEAR 2007, THE CDBG OR HOME PROJECT PROPOSALS MUST BE SUBMITTED BY 4:00 P.M., OCTOBER 31, 2005, TO THE DIVISION OF PURCHASING, DEPARTMENT OF BUDGET AND FISCAL SERVICES, 530 SOUTH KING STREET, ROOM 115, HONOLULU, HAWAII 96813. QUESTIONS CONCERNING THIS SOLICITATION MAY BE DIRECTED TO MIKE HIU OF THE PURCHASING DIVISION AT 527-5669.

A different RFP process will also be utilized for the ESG and HOPWA programs and will be publicized at a later date. Both the ESG and HOPWA programs use an RFP process that covers two fiscal years. Further information regarding the RFP process for the ESG and HOPWA programs, can be obtained by calling the Department of Community Services at 527-5780 and 527-5092 respectively.

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Mary Patricia Waterhouse, Director
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By order of MUFU HANNEMANN, MAYOR
City and County of Honolulu